

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION**

CC: 21C
Amend No. _____

Date Prepared: October 31, 2008 **Council Meeting Date:** November 18, 2008

TO: Carl Swenson, City Manager
FROM: Brent D. Mattingly, Finance Director *BDM*
PREPARED BY: Deborah Card, Treasury Manager *DC*
SUBJECT: Investment Report for the Period Ended September 30, 2008

RECOMMENDATION:

That the Mayor and Council review and accept the Quarterly Investment Report for the period ended September 30, 2008.

SUMMARY:

The Finance Department has prepared a quarterly report to summarize the City's investment activity for the period from July 1, 2008 to September 30, 2008. The City's total investment portfolio earned an average yield of 2.95% for the 1st Quarter of FY 2009. This represents investment income of \$2,620,789 for the quarter. The average cash balance of the City's portfolio during the quarter was \$363,568,277 and the ending balance for the total investment portfolio was \$360,544,613 which represents all securities and money market funds.

The quarterly report also provides comparative investment yields, portfolio composition, average maturity lengths, comparisons of market value and book value, and a brief summary of the economy. An Inventory Holdings Report, which itemizes each security in the City's investment portfolio by fund, security type, and cusip number has also been included as Attachment B.

ATTACHMENTS:

1. Quarterly Investment Report for Period Ended September 30, 2008
2. Inventory Holdings Report for Period Ended September 30, 2008

CITY CLERK USE ONLY:

Consent Agenda
 Carry Over to Date: _____
 Approved
 Unfinished Business (Date heard previous: _____)
 New Business

ORD. # _____ RES. # _____
LCON# _____ LIC. # _____
Action Date: _____

CITY OF PEORIA, ARIZONA



INVESTMENT PERFORMANCE REPORT

Quarterly Report

Period Ended

September 30, 2008

Brent D. Mattingly, Chief Financial Officer

Finance Department

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I. INTRODUCTION

This report reflects investment activity for the period of July 1, 2008 to September 30, 2008 for the City's investment management program. The City's Investment and Portfolio Policies, approved and adopted in January 1992 by the City Council, with revisions approved in June 2005, requires that the City's investment program meet the following criteria, listed in order of importance:

- Safety - *Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.*
- Liquidity - *The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements.*
- Yield - *The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, while taking into account the City's strict risk constraints.*

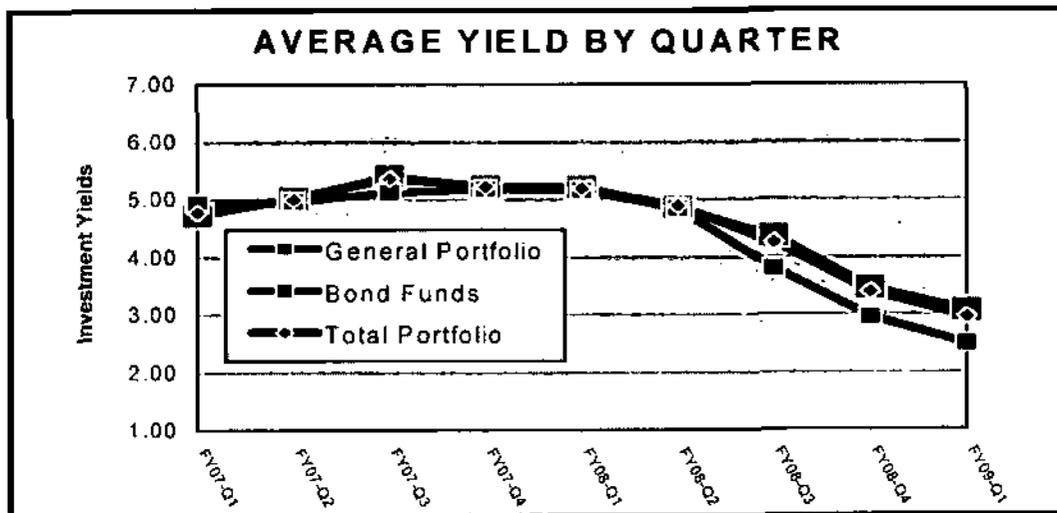
In keeping with these principles, the Finance Department continued to invest the City's funds only in allowable, safe securities and to structure the maturity of the investment portfolio to assure liquidity. Short-term needs (6 months or less) are being met by investments in overnight repurchase agreements, commercial paper, money market funds, and the State's Investment Pool. Funds not required to meet specific short-term needs are invested primarily in Treasury Notes and U.S. Government Agency Securities.

Only after the safety and liquidity requirements are met does the Finance Department attempt to maximize earnings. For the Quarter Ended September 30, 2008, the weighted average annualized yield on investments was as follows:

Table 1

AVERAGE ANNUALIZED INVESTMENT YIELD					
	FY 08 Q1	FY 08 Q2	FY 08 Q3	FY 08 Q4	FY 09 Q1
General Portfolio	5.21	4.86	4.36	3.46	3.07
Bond Funds	5.15	5.12	3.82	2.95	2.49
Total Portfolio	5.19	4.89	4.25	3.39	2.95

Chart 1



This quarter's average yield of 2.95% for the total portfolio represents a decrease of .44% from the total portfolio annualized yield of 3.39% experienced for the Quarter Ended June 30, 2008.

II. TOTAL INVESTMENT PORTFOLIO STRUCTURE

The City's overall portfolio is identified by source and use of funds in accordance with the City's investment policy. The general operating funds are composed of all funds of the City with the exception of restricted capital project funds containing direct bond proceeds and escrow funds. The interest from the operating fund portfolio is allocated pro rata to the General Fund and other commingled funds making up the portfolio. Funds identified in this category are:

- General Fund
- Special Revenue Funds
- Enterprise Funds
- Internal Service Funds
- Debt Service Funds
- Trust and Agency Funds

Capital project funds are managed in unique portfolios identified by individual bond issue in order to fulfill all U.S. Government tax requirements and to simplify reporting and arbitrage calculations.

During the past quarter, the City's investment portfolio has been divided between general funds and several bond fund accounts. For purposes of this performance report, however, the operating portfolio is reported as a whole and reference to performance and strategy are directed toward the portfolio in its entirety.

III. INVESTMENT POLICY COMPLIANCE

The City's Investment Policy, as approved by City Council, applies to all the financial assets and funds held by the City of Peoria. All investments follow the provisions established in that Policy.

IV. INVESTMENT PERFORMANCE

A. Portfolio Composition. It is the policy of the City to diversify its portfolio by security type and institution to minimize market volatility risk and credit risk. The Policy stipulates maximum investment levels by market sector to insure diversification. Diversification is further accomplished through the laddering of maturities, which mirror anticipated cash flows for the various funds. If not matched to specific cash flows, the funds are invested with a priority of liquidity and safety until specific cash flow needs are identified.

The table below illustrates the diversification structured into the portfolio composition with dollar amounts and percentages by investment type (market sector). The table shows the overall conservative nature of the portfolio and its diversified structure. The fluctuation in percentages between fiscal quarters represents a shifting of value between market sectors from the varying economic conditions throughout the year. The concentration on Treasury Notes and Agency Securities illustrates the portfolio's safety priority.

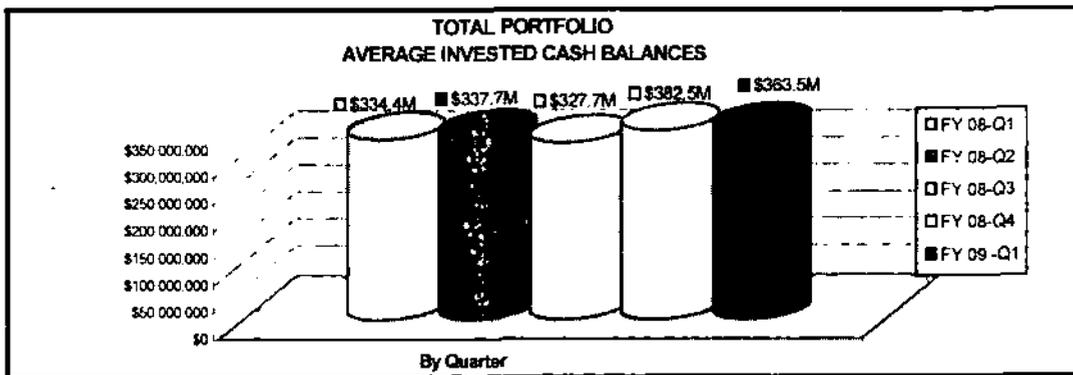
Table 2

TOTAL PORTFOLIO COMPOSITION (In Millions of Dollars)								
Security Type	FY 08 – Q2		FY 08 – Q3		FY 08 – Q4		FY 09 – Q1	
	Amt	%	Amt	%	Amt	%	Amt	%
Money Market	15.6	4.6	58.1	16.4	91.7	23.7	83.9	23.3
Agency Securities	250.7	74.7	239.5	67.5	249.4	64.3	243.6	67.6
Treasury Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Notes	21.5	6.4	9.9	2.8	5.0	1.3	13.3	3.6
Commercial Paper	45.5	13.6	45.7	12.8	38.9	10.0	18.9	5.3
Repurchase Agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Pool	2.3	0.7	1.8	0.5	2.9	0.7	0.8	0.2
TOTALS:	335.6	100.0	355.0	100.0	387.9	100.0	360.5	100.0

B. Average Invested Cash Balances. The average investment cash balance of the overall portfolio for the Quarter Ended September 30, 2008 was \$363,568,277 as compared to \$382,586,200 for the Quarter Ended June 30, 2008.

Fluctuations in the quarterly balances shown in the chart below represent normal cash flows throughout the fiscal year, the addition of new bond proceeds, investment of earned interest, and the spend down of existing bond proceeds for capital projects.

Chart 2



C. Investment Income. Total investment income for the 1st Quarter of FY 09 was \$2,620,789 which represents a decrease of 19% from the \$3,244,795 earned in the 4th Quarter of FY 08. The earnings decrease is primarily due to the reinvestment of funds in a lower interest rate environment during the quarter.

D. Comparative Investment Yields. Since the Investment Policy of the City restricts investment primarily to the U.S. fixed income and money markets, the portfolio performance is measured directly against these markets for comparison purposes. The maximum maturity of securities purchased for the portfolio is restricted to five (5) years. The weighted average maturity should not exceed 365 days. The actual weighted average maturity for the 1st Quarter of FY 09 was 304 days. The average rates of comparable benchmarks are shown in the table below.

Table 3

COMPARATIVE ANNUALIZED INVESTMENT YIELDS					
	FY 08 Q1	FY 08 Q2	FY 08 Q3	FY 08 Q4	FY 09 Q1
City of Peoria (General Portfolio)	5.21	4.86	4.36	3.46	3.07
3 Month T-Bill	3.82	3.47	2.09	1.65	0.67
6 Month T- Bill	4.05	3.69	2.16	1.86	1.52
1 Year T-Bill	4.03	3.64	2.11	2.08	1.73
2 Year Treasury	3.97	3.48	2.04	2.40	1.88

E. Average Maturity of the Portfolio. For the Quarter ended September 30, 2008, the average maturity of the portfolio was 304 days as compared to 368 days on June 30, 2008. Matching maturities to known cash flows requires the maintenance of a somewhat short portfolio. This assures the City's liabilities can be met as they come due. Cash not needed to match immediate cash flow needs (within a nine month rolling horizon of liabilities) is normally extended

somewhat to take advantage of higher yields. Longer maturities are used to capture yields at purchase and to capture capital gains during the period.

F. Comparison of Market Value and Book Value. The book value of the portfolio is captured on an amortized cost basis recognizing the City's position in the securities on a straight-line amortization of premiums and discounts. Book and market values do not include accrued interest on the securities. The market value reflects the *then current* market price at which these securities could be sold in the open market. A comparison of book and market reflects the changes in market rates as well as the performance of the portfolio against the market. Since the shortest portion of the portfolio is matched against anticipated cash flows, rate changes will more directly affect their relative gain/loss positions. A summary of market and book values for the total portfolio for the Quarter are shown below.

Beginning Book Value.....	\$387,937,292
Beginning Market Value	\$387,666,168
Ending Book Value.....	\$360,544,613
Ending Market Value.....	\$360,156,526

At quarter's end, the book value of the portfolio exceeded the market value of securities resulting in an overall unrealized loss in value of (\$388,087).

ECONOMIC REVIEW AS OF 9-30-08:

The third quarter of 2008 saw an upheaval to the global economic system that is unprecedented in scope and size. Some of the oldest, most storied names in financial services have either been acquired or failed and these problems have spread to Europe and Asia.

Any thoughts of the Federal Reserve Bank tightening monetary policy have disappeared as emergency plans have been implemented by both the US Treasury and the Federal Reserve to inject liquidity into the global banking systems. Failure to do so could have left the banking system damaged beyond repair.

At the core of this problem is a "distrust" of the intrinsic value of many types of financial assets. These assets had been used to collateralize loans and when there was no longer an active mechanism to provide a market value for these assets; borrowers could not obtain funding for the loans. The failure of several issuers of financial debt, especially Lehman Brothers and Bear Stearns, has now effectively shut down the credit markets and borrowers ranging in size from multi-billion dollar customers to one man businesses are finding it impossible to obtain loans at almost any price.

Consumer lending has suffered as well and this darkens the picture for auto dealers and other sellers of big ticket items. It has been observed that under current lending standards a FICO score of 720 or higher is required to get a car loan at standard interest rates. This credit rating is only achieved by less than 10 percent of all Americans.

Job losses are another result of the credit tightening. The monthly Non-Farm Payrolls report has been negative for nine consecutive months and on a year to date basis, we have seen a net job loss of almost 600,000 jobs. The Unemployment Rate has moved above 6% and is expected to rise significantly over the next few months. Currently, we are at a multi-year high on the number of people who are collecting unemployment benefits.

Congress has enacted an emergency spending plan which allocates over \$700 Billion dollars for the U.S. Treasury to acquire non-performing assets from domestic financial institutions. It is hoped this measure may improve liquidity and, if not stimulate growth; at least provide some measure of stability to stop the economic downturn.

The Federal Reserve Bank has shifted into crisis mode as well. They have created several new and unusual processes to add funds to a banking system that has become frozen in place. The longer term outlook is clouded as the extent this will spread beyond the U.S. markets is yet to be seen. It may ultimately take a multi-national approach by all the G-8 members to end the crisis. To this end, interest rates will probably decline over the next several quarters, a dramatic change to the outlook just a few weeks ago.

SUMMARY DATA

Table 4

PORTFOLIO COMPOSITION				
General Funds				
Security Type	FY 08 – Q2 Ending 12/31/07	FY 08 – Q3 Ending 3/31/08	FY 08 – Q4 Ending 6/30/08	FY 09 – Q1 Ending 9/30/08
Money Market	\$14,698,957	\$8,583,019	\$90,968,608	\$76,904,902
Agency Securities	\$213,805,586	\$217,362,127	\$212,875,466	\$203,296,768
Treasury Notes	\$21,491,453	\$9,949,847	\$4,981,397	\$13,240,600
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$43,434,031	\$45,716,873	\$22,913,593	\$14,942,892
Repurchase Agreements	\$0	\$0	\$0	\$0
State Pool	\$2,382,129	\$1,809,177	\$2,952,982	\$756,603
Totals:	\$295,812,156	\$283,421,043	\$334,692,047	\$309,141,765
Avg Yield	4.86	4.36	3.54	3.07
Avg Maturity (Years)	0.82	1.10	1.09	0.92
State Pool Yield	3.97	2.01	2.11	1.62

Table 5

PORTFOLIO COMPOSITION				
G.O. Bonds 2007				
Security Type	FY 08 – Q2 Ending 12/31/07	FY 08 – Q3 Ending 3/31/08	FY 08 – Q4 Ending 6/30/08	FY 09 – Q1 Ending 9/30/08
Money Market	\$877,344	\$2,276,967	\$421,449	\$2,465,935
Agency Securities	\$36,974,753	\$22,103,182	\$0	\$9,003,883
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$1,975,920	\$0	\$13,010,720	\$1,995,221
Repurchase Agreements	\$0	\$0	\$0	\$0
Totals:	\$39,828,017	\$24,380,149	\$13,432,170	\$13,465,039
Avg Yield	5.12	5.05	3.30	2.38
Avg Maturity (Years)	0.24	0.07	0.18	0.07

Table 6

PORTFOLIO COMPOSITION				
MDA Transportation Sales Tax Revenue Bonds, Series 2008				
Security Type	FY 08 – Q2 Ending 12/31/07	FY 08 – Q3* Ending 3/31/08	FY 08 – Q4 Ending 6/30/08	FY 09 – Q1 Ending 9/30/08
Money Market	\$0	\$47,273,310	\$333,699	\$4,581,451
Agency Securities	\$0	\$0	\$36,489,448	\$31,361,137
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$0	\$0	\$2,989,929	\$1,995,221
Repurchase Agreements	\$0	\$0	\$0	\$0
Totals:	\$0	\$47,273,310	\$39,813,076	\$37,937,809
Avg Yield	0.00	3.17	2.83	2.51
Avg Maturity (Years)	0.00	0.01	0.78	0.45

* Issued in March 2008

City of Peoria - FSAM and Patterson Combined
DETAIL OF SECURITY HOLDINGS
As of September 30, 2008

Security Description	Security CUSIP	Coupon	Settlement Date	Maturity Date	Next Call Date	Par Value	Purchase Price	Purchase Cost	Book Value	Market Price	Market Value	Accrued Interest	Days to Maturity	Days to Next Call	Yield to Maturity	Yield to Next Call
FSAM																
FSAM - General Fund																
Reserve Govt & Agency Fund	Res-Gov	2.390				15,046,965.76	100.000	15,046,965.76	15,046,965.76	100.000	15,046,965.76	-	1		2.390	
JPMorgan Chase Bank MMF	jpmorgan	2.070				9,735,443.22	100.000	9,735,443.22	9,735,443.22	100.000	9,735,443.22	-	1		2.070	
FNMA Disc Note	313588P33	0.000	5/23/2008	11/12/2008		5,000,000.00	98.950	4,947,499.31	4,987,254.17	99.770	4,988,500.00	-	43		2.239	
Toyota Motor Credit	89233GLC8	0.000	8/14/2008	11/12/2008		5,000,000.00	99.367	4,968,375.00	4,985,241.67	99.612	4,980,590.00	-	43		2.581	
FHLB	3133X1XC6	3.625	6/6/2008	11/14/2008		5,000,000.00	100.541	5,027,050.00	5,007,392.55	100.062	5,003,125.00	68,975.69	45		2.374	
GE Capital Services CP	36959RLK9	0.000	5/16/2008	11/19/2008		5,000,000.00	98.660	4,932,991.67	4,982,441.67	99.542	4,977,085.00	-	50		2.651	
FHLB	3133XNE62	4.125	12/7/2007	11/28/2008		5,000,000.00	100.091	5,004,550.00	5,000,739.22	100.156	5,007,812.50	70,468.75	59		4.028	
Toyota Motor Credit	89233GMA1	0.000	9/11/2008	12/10/2008		5,000,000.00	99.362	4,968,125.00	4,975,208.33	99.320	4,965,980.00	-	71		2.602	
FHLB	3133XLJL8	5.250	2/15/2008	12/24/2008		7,000,000.00	102.308	7,161,588.00	7,043,365.47	100.500	7,035,000.00	99,020.83	85		2.511	
FHLB	3133XLJL8	5.250	7/29/2008	12/24/2008		6,000,000.00	101.029	6,061,752.00	6,035,048.43	100.500	6,030,000.00	84,875.00	85		2.654	
FHLB	3133XLRX3	5.250	4/4/2008	1/16/2009		1,450,000.00	102.256	1,482,712.00	1,462,195.76	100.594	1,458,609.37	15,859.37	108		2.322	
FFCB	31331TUE9	3.350	10/31/2007	2/26/2009		7,000,000.00	98.760	6,913,200.00	6,973,572.53	100.094	7,006,562.50	22,798.61	149		4.314	
FNMA	3136F6M22	4.300	4/4/2008	3/9/2009		2,500,000.00	101.815	2,545,375.00	2,521,282.08	100.437	2,510,937.50	6,569.44	180		2.316	
FHLB	3133XQJD5	2.200	9/11/2008	4/1/2009		5,000,000.00	99.822	4,991,100.00	4,991,981.19	99.500	4,975,000.00	55,000.00	183		2.523	
FHLB	3133X4ZC8	3.000	5/23/2008	4/15/2009		5,990,000.00	100.441	6,016,415.90	6,005,833.38	99.875	5,982,512.50	82,861.67	197		2.497	
FHLMC	3137EAAE9	5.250	4/4/2008	5/21/2009		6,000,000.00	103.257	6,195,420.00	6,110,062.38	101.156	6,069,375.00	113,750.00	233		2.312	
FHLMC	3137EAAE9	5.250	4/10/2008	5/21/2009		2,920,000.00	103.266	3,015,367.20	2,974,516.64	101.156	2,953,762.50	55,358.33	233		2.262	
FFCB	31331YU99	2.750	6/5/2008	6/5/2009		5,000,000.00	100.000	5,000,000.00	5,000,000.00	99.719	4,985,937.50	44,305.56	248		2.750	
FNMA	31359MZE6	4.570	5/5/2008	6/15/2009		5,000,000.00	102.048	5,102,400.00	5,064,748.16	100.844	5,042,187.50	67,280.56	258		2.684	
U.S. T-Note	912828GV6	4.875	7/23/2008	6/30/2009		8,000,000.00	102.305	8,184,375.00	8,146,637.43	102.250	8,180,000.00	98,559.78	273		2.373	
U.S. T-Note	912828GY0	4.625	8/6/2008	7/31/2009		5,000,000.00	102.227	5,111,328.13	5,093,962.18	102.281	5,114,062.50	38,960.60	304		2.322	
FFCB	31331XH47	5.250	5/20/2008	8/3/2009		2,907,000.00	103.189	2,999,704.23	2,971,443.95	101.719	2,956,964.06	24,588.37	307		2.538	
FNMA	31398AHQ8	4.710	10/24/2007	10/22/2009	10/22/2008	2,500,000.00	100.128	2,503,200.00	2,500,184.62	100.094	2,502,343.75	52,006.25	387	22	4.642	4.577
FHLMC	3128X6UW4	4.250	4/8/2008	12/11/2009	12/11/2008	5,000,000.00	101.136	5,056,800.00	5,016,327.13	100.270	5,013,515.00	64,930.56	437	72	3.543	2.537
FHLMC	3128X6K54	3.250	2/1/2008	1/29/2010		8,000,000.00	100.000	8,000,000.00	8,000,000.00	99.663	7,973,008.00	44,777.78	486		3.250	
FNMA	31398ABT8	5.080	12/5/2007	5/14/2010	5/14/2009	4,510,000.00	101.430	4,574,493.00	4,537,682.13	101.312	4,569,193.75	87,188.32	591	226	4.454	4.047
FNMA	31398ABT8	5.080	5/7/2008	5/14/2010	5/14/2009	5,000,000.00	102.494	5,124,680.00	5,075,393.84	101.312	5,065,625.00	96,661.11	591	226	3.785	2.585
FHLMC	3128X7UK8	3.500	5/21/2008	5/21/2010	11/21/2008	4,000,000.00	100.000	4,000,000.00	4,000,000.00	100.113	4,004,512.00	50,555.56	598	52	3.500	3.500
FNMA	31398ARK0	3.250	5/21/2008	5/21/2010	5/21/2009	4,000,000.00	100.000	4,000,000.00	4,000,000.00	99.531	3,981,250.00	46,944.44	598	233	3.250	3.250
FNMA	3136F9WA7	4.000	7/1/2008	6/30/2010	12/30/2008	5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.312	5,015,625.00	50,555.56	638	91	4.000	4.000
FHLMC	3128X6PS9	5.050	3/3/2008	10/15/2010	10/15/2008	5,900,000.00	101.393	5,982,187.00	5,905,091.23	100.092	5,905,416.20	137,388.06	745	15	4.478	2.751
FHLMC	3128X65W2	3.500	3/10/2008	12/10/2010	12/10/2008	5,000,000.00	100.330	5,016,500.00	5,004,200.00	100.057	5,002,840.00	53,958.33	801	71	3.375	3.056
FHLB	3133XHQF2	5.375	2/14/2008	11/28/2011	11/28/2008	7,000,000.00	101.950	7,136,500.00	7,027,489.58	100.375	7,026,250.00	128,552.08	1154	59	4.804	2.852
FHLB	3133XJUD8	5.500	5/31/2007	2/9/2012	2/9/2009	5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.781	5,039,062.50	39,722.22	1227	132	5.494	5.485
						3,574	185,459,408.98	100.734	186,806,097.42	100.353	186,181,704.70	1,802,472.83	317		3.073	
GO Bonds - Series 2007 A																
JPMorgan Chase Bank MMF	jpmorgan	2.070				2,465,935.27	100.000	2,465,935.27	2,465,935.27	100.000	2,465,935.27	-	1		2.070	
FHLMC Disc Note	313396K69	0.000	7/29/2008	10/14/2008		4,000,000.00	99.480	3,979,210.00	3,996,490.00	99.980	3,999,200.00	-	14		2.477	
Toyota Motor Credit	89233GL46	0.000	8/6/2008	11/4/2008		2,000,000.00	99.367	1,987,350.00	1,995,221.11	99.703	1,994,070.00	-	35		2.581	
FHLB	3133X1XC6	3.625	6/6/2008	11/14/2008		5,000,000.00	100.541	5,027,050.00	5,007,392.55	100.062	5,003,125.00	68,975.69	45		2.374	
						1,727	13,465,935.27	99.953	13,459,545.27	99.973	13,462,330.27	68,975.69	26		2.380	
MDA Series 2008 Transportation Bonds																
JPMorgan Chase Bank MMF	jpmorgan	2.070				4,581,451.47	100.000	4,581,451.47	4,581,451.47	100.000	4,581,451.47	-	1		2.070	
FHLB	3133XQNL2	2.260	4/17/2008	10/17/2008		4,000,000.00	100.000	4,000,000.00	4,000,000.00	99.969	3,998,750.00	41,182.22	17		2.260	
Toyota Motor Credit	89233GL46	0.000	8/6/2008	11/4/2008		2,000,000.00	99.367	1,987,350.00	1,995,221.11	99.703	1,994,070.00	-	35		2.581	
FHLB	3133X1XC6	3.625	4/24/2008	11/14/2008		5,000,000.00	100.747	5,037,350.00	5,008,055.88	100.062	5,003,125.00	68,975.69	45		2.263	
FHLB	3133MMYQ0	5.750	4/24/2008	2/13/2009		3,000,000.00	102.709	3,081,285.00	3,037,198.22	100.969	3,029,062.50	22,041.67	136		2.319	
FHLB	3133XQVZ2	2.520	4/28/2008	4/28/2009		5,000,000.00	100.000	5,000,000.00	5,000,000.00	99.625	4,981,250.00	53,550.00	210		2.520	
FHLMC	3137EAAE9	5.250	4/4/2008	5/21/2009		6,000,000.00	103.257	6,195,420.00	6,110,062.38	101.156	6,069,375.00	113,750.00	233		2.312	
FNMA	31359MZE6	4.570	5/5/2008	6/15/2009		3,150,000.00	102.058	3,214,827.00	3,190,990.51	100.844	3,176,578.12	42,386.75	258		2.675	
FHLMC	3128X6UW4	4.250	4/24/2008	12/11/2009	12/11/2008	5,000,000.00	100.965	5,048,250.00	5,014,830.09	100.270	5,013,515.00	64,930.56	437	72	3.633	2.692

City of Peoria - FSAM and Patterson Combined
DETAIL OF SECURITY HOLDINGS
As of September 30, 2008

Security Description	Security CUSIP	Coupon	Settlement Date	Maturity Date	Next Call Date	Par Value	Purchase Price	Purchase Cost	Book Value	Market Price	Market Value	Accrued Interest	Days to Maturity	Days to Next Call	Yield to Maturity	Yield to Next Call
		3.551				37,731,451.47	101.107	38,145,933.47	37,937,809.66	100.310	37,847,177.09	406,816.89	165		2.518	
PATTERSON																
Patterson - Main Account																
JPMorgan Chase Bank MMF	jpmorgan	2.070				52,125,608.36	100.000	52,125,608.36	52,125,608.36	100.000	52,125,608.36	0.00	1		2.070	
FHLB Disc Note	313384H93	0.000	09/24/08	10/01/08		16,090,000.00	99.961	16,083,742.78	16,090,000.00	100.000	16,090,000.00	0.00	1		2.029	
FHLB	3133XQW73	2.625	04/30/08	04/30/09	10/30/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	99.656	2,989,687.50	33,031.25	212	30	2.625	2.625
FHLMC	3128X7KX1	2.550	04/24/08	07/17/09	10/17/08	3,000,000.00	99.800	2,994,000.00	2,996,136.27	99.360	2,980,806.00	34,850.00	290	17	2.718	2.971
FHLB	3133XQPZ9	2.500	04/21/08	10/21/09	10/21/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	99.312	2,979,375.00	33,333.33	386	21	2.500	2.500
FHLB	3133XQNC2	3.000	04/23/08	04/23/10	10/23/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	99.531	2,985,937.50	39,500.00	570	23	3.000	3.000
FNMA	31398APX4	3.050	07/03/08	05/06/10	11/06/08	1,000,000.00	99.970	999,700.00	999,740.17	99.656	996,562.50	12,284.72	583	37	3.065	3.124
FHLMC	3128X7WT7	3.500	07/03/08	06/11/10	12/11/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	100.092	3,002,751.00	32,083.33	619	72	3.499	3.493
FNMA	3136F82F1	3.125	04/24/08	08/12/10	02/12/09	1,000,000.00	99.850	998,500.00	998,785.75	99.719	997,187.50	4,253.47	681	135	3.192	3.313
FHLB	3133XQJL7	3.060	04/07/08	01/07/11	10/07/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	98.312	2,949,375.00	44,370.00	629	7	3.061	3.060
FNMA Step-up	3136F86G5	3.000	05/21/08	03/04/11	12/04/08	3,000,000.00	99.960	2,998,800.00	2,998,956.86	99.906	2,997,187.50	51,750.00	885	65	4.584	5.855
FHLB	3133XQF72	3.000	03/25/08	03/25/11	12/25/08	5,000,000.00	100.000	5,000,000.00	5,000,000.00	99.687	4,984,375.00	2,500.00	806	86	3.000	3.004
FNMA	31398APP1	3.150	04/03/08	04/01/11	04/01/09	3,000,000.00	99.795	2,993,850.00	2,994,868.40	99.437	2,983,125.00	47,250.00	913	183	3.222	3.361
FNMA Step-up	3136F9GM9	3.000	04/14/08	04/14/11	10/14/08	2,000,000.00	100.000	2,000,000.00	2,000,000.00	99.781	1,995,625.00	27,833.33	926	14	3.612	3.000
FHLB	3133XQPM8	3.375	04/21/08	04/21/11	10/21/08	3,000,000.00	99.975	2,999,250.00	2,999,361.64	99.375	2,981,250.00	45,000.00	933	21	3.384	3.426
FNMA Step-up	3136F9JH7	2.750	04/21/08	04/21/11	10/21/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	99.719	2,991,562.50	36,666.67	933	21	3.806	2.750
FHLB	3133XQTF9	3.300	04/29/08	04/29/11	10/29/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	99.219	2,976,562.50	41,800.00	941	29	3.300	3.300
FHLMC	3128X7MN1	3.500	05/05/08	05/05/11	11/05/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	100.044	3,001,320.00	42,583.33	947	36	3.500	3.500
FHLMC	3128X7SC9	3.000	05/22/08	05/20/11	11/20/08	1,000,000.00	100.000	1,000,000.00	1,000,000.00	99.700	997,004.00	10,916.67	962	51	3.000	3.000
FNMA Step-up	3136F9UM3	3.125	06/16/08	06/16/11	12/16/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	99.906	2,997,187.50	27,343.75	989	77	4.845	3.125
FHLMC	3128X7NK6	3.500	05/15/08	11/15/11	11/15/08	3,000,000.00	100.000	3,000,000.00	3,000,000.00	99.929	2,997,882.00	39,666.67	1,141	46	3.500	3.500
FHLB Step-up	3133XQK76	3.500	04/09/08	04/09/13	10/09/08	2,000,000.00	100.000	2,000,000.00	2,000,000.00	99.250	1,985,000.00	33,444.44	1,652	9	4.458	3.500
						122,215,608.36		122,193,451.14	122,203,457.45		121,985,371.36	640,460.96	358		2.648	
State Pool									756,603.00		756,603.00					
Grand Total						358,872,404.08		360,605,027.30	360,544,613.74		360,156,535.33	2,918,726.37	304		2.838	